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ABSTRACT

In response to the charge of developing ways for the state to assist families to meet rising college costs, while federal aid is declining, 20 initiatives are recommended for state action in four priority areas: access, excellence, financing alternatives, and efficiency. The following are among the recommendations: (1) continue to raise the maximum Tuition Aid Grant (TAG) award at independent institutions toward 50% of average sector tuition; (2) revise the New Jersey eligibility criteria for self-supporting students to conform to national standards; (3) establish additional assistance for single-parent students; (4) increase the number of Garden State Graduate Fellowships; (5) establish an urban scholars program for talented youth who have had a weak secondary school environment; (6) develop tuition prepayment and savings plans for families; (7) create a state work-study program for students unable to find suitable summer employment; (8) disseminate student aid information targeted to minority students; and (9) simplify student financial aid applications and link institutions and the Office of Student Assistance with a common computer network. Appendices provide data on funding sources, student loan volume, distribution of grants by sectors, and tuition. A resolution to establish a committee on student financial aid is also appended. Contains 30 references. (KM)

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# MEETING THE CHALLENGE OF RISING HIGHER EDUCATION COSTS

A Report of the
STUDENT ASSISTANCE COMMITTEE
of the
NEW JERSEY BOARD OF HIGHER EDUCATION

May 1987

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Publication by: New Jersey Department of Higher Education
T. Edward Hollander, Chancellor

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## EXECUTIVE SUMMARY

College costs have been rising at about double the rate of consumer prices for several years, and this trend is expected to continue. Incomes have also risen rapidly, but there are strong indications that the poor are being left behind. Middle-income families are expected to contribute a substantial and increasing proportion of their disposable income to meet college expenses. At the same time, federal student aid programs have become less effective: middle-income aid eligibility has been continually restricted and the federal aid dollars available to low-income students have not matched increases in costs. Although New Jersey state financial aid programs have met their original goals, changes in federal policies require a reconsideration of these programs. How can the state assist families to meet the challenge of rising college costs and declining federal aid?

The New Jersey Board of Higher Education formed the Student Assistance Committee in February 1986 to examine existing student assistance programs and to recommend appropriate state initiatives. The Committee actively sought the participation of the higher education community in carrying out its charge through a conference and discussions in May 1986, written responses to the circulation of the first draft of the report, and testimony at the public hearing on the final draft of the report in March 1987. This report represents the Committee's findings and recommendations to the New Jersey Board of Higher Education.

The Report identifies four priority areas for state action: access, excellence, financing alternatives, and efficiency. Within each priority area recommendations for changes in either state policy or institutional and federal procedures have been made. These recommendations are listed below, and are followed by a summary of the cost estimates.

### First Priority: Assuring Access to Higher Education for All Who Can Benefit

1. Expand the Tuition Aid Grant (TAG) Program to cover required fees as well as tuition.

2. Continue to raise the maximum TAG award at independent institutions towards 50 percent of average sector tuition.

3. Revise the New Jersey eligibility criteria for self-supporting students to conform to national standards.

4. Establish additional assistance programs for single-parent students with children to support.

5. Extend TAG eligibility to part-time Educational Opportunity Fund (EOF) students.

6. Initiate a pilot project that would provide aid to students who could only enter college on a part-time basis.

## Second Priority: Meeting the Goal of Educational Excellence

7. Increase the number of Garden State Graduate Fellowships.

8. Continue funding the Garden State Distinguished Scholars Program beyond the experimental period.

9. Establish an urban scholars program for talented youth who have been handicapped by a weak secondary school environment.

10. Restructure the Garden State Scholarship Program to better meet its intended goals.

## Third Priority: Providing a Wide Variety of Financing Alternatives

11. Develop tuition prepayment and savings plans for families of students who plan to attend college in New Jersey.

12. Explore the need to establish a state supplemental loan program for parents and students.

13. Create a state work-study program for students unable to find suitable summer employment.

14. Explore cooperative education as an option for educational financing.

15. Encourage institutions to expand and improve job opportunities for students.

## Fourth Priority: Increasing the Efficiency of Financial Aid Programs

16. Disseminate student aid information more broadly through a financial aid marketing plan targeted to minority students.

17. Simplify student financial aid application forms and procedures, and link institutions and the Office of Student Assistance into a common computer network.

18. Provide sufficient independent data processing capability and staff support to the Office of Student Assistance and college financial aid offices.

19. Reduce borrowing by lower division students through aid packaging.

20. Develop tools for evaluating the effects of student aid.

**Student Assistance Committee**
**Recommendation Cost Estimates**

| | First-Year Start-up Cost (Million $) | Continuing Annual Cost* (Million $) |
|---|---|---|
| **Assuring Access to Higher Education** | | |
| 1. Expand TAG awards to include fees | $3 to $9 | $3 to $9 |
| 2. Continue to raise maximum TAG awards at independent institutions to 50% of average tuition | $2.5 | $2.5 |
| 3. Revise self-supporting student NJEI criteria | $1.0 | $2.0 |
| 4. Establish additional assistance for single-parent students: 1,000 grants @ $1000/child | $1.0 | $1.5 |
| 5. Extend TAG eligibility to part-time EOF students: 1,000 EOF students @ $500 | $0.5 | $0.8 |
| 6. Initiate a pilot project to encourage part-time students to enter college | $0.2 | $0.2 |
| **Sub-Total** | $8.2 to $14.2 | $10.0 to $16.0 |
| **Meeting the Goal of Excellence** | | |
| 7. Increase Graduate Fellowship Program | $0.2 | $0.6 |
| 8. Continue funding Distinguished Scholars Program beyond experimental period | $2.7 | $2.7 |
| 9. Establish an Urban Scholars Program: 500 grants @ $1000 in 66 high schools | $0.5 | $1.5 |
| 10. Restructure Garden State Scholarship Program | $0 | $0 |
| **Sub-Total** | $3.4 | $4.8 |
| **Providing Financing Alternatives** | | |
| 11. Develop tuition prepayment and savings plans | $0 | $0 |
| 12. Establish a state supplemental loan program | $0 | $0 |
| 13. Create state summer work-study program | $0.5 | $0.5 |
| 14. Explore cooperative education as an option | $0 | $0 |
| 15. Encourage institutions to expand job opportunities | $0.5 | $0.5 |
| **Sub-Total** | $1.0 | $1.0 |
| **Increasing Program Efficiency** | | |
| 16. Disseminate financial aid information | $0.5 | $0.5 |
| 17. Simplify student aid processing/applying through an integrated computer network | $0.5 to $1.5 | $0.5 |
| 18. Provide sufficient data processing capability and staff support | $0.1 to $0.2 | $0.2 |
| 19. Reduce borrowing by lower division students | $0 | $0 |
| 20. Develop tools for evaluating the effects of student aid | $0 | $0 |
| **Sub-Total** | $1.1 to $2.2 | $1.2 |
| **Grand Total** | $13.7 to $20.8 | $17.0 to $23.0 |

## INTRODUCTION

This report reflects a common conviction: the United States and the State of New Jersey depend on the contributions that higher education makes to our civic and economic life. Governor Thomas H. Kean has written that "undergraduate education is .... important .... to the strength and quality of our society." (Education Commission of the States, 1986) As citizens, we cherish and strongly believe in the promise of self-government in a free society open to equal opportunity for all. The concentration of wealth and income, the increasing numbers of ethnic minorities and the presence of many other underrepresented people challenge us to live up to those ideals. Will higher education continue to instruct new generations in the values of self-government, unlock the doors to individual opportunity, and preserve our free society? As producers and consumers, we enjoy and expect a high standard of living, while we struggle to cope with the transition from an industrial to a post-industrial economy. Will higher education give us the knowledge and tools we need to prevail in an environment of endless change and help us sustain prosperity?

Answers to those questions depend upon the policies we choose. Several years ago, the Board of Higher Education adopted access and excellence as the central goals of higher education in New Jersey. The Board has continued to reaffirm their importance: access, because no individual should be denied a college education due to insufficient financial resources; and excellence, because we owe the very best to ourselves and to our children. (Booher Commission, 1977; New Jersey Department of Higher Education, Statewide Plan, 1981). In this report, the Student Assistance Committee also emphasizes efficiency as a third and related goal because in exercising our public trust we must strive to do as much as we can within the limits of the resources placed at our disposal.

Financial assistance to college students helps to build and strengthen the higher education system New Jersey will need to achieve excellence and access. New Jersey student aid programs ensure access with money that augments students' resources when they are too low; to support excellence, programs directly reward academic ability and set minimum academic standards for all who receive aid. When the federal FY 1987 budget proposals were announced in February 1986, they included major cuts in all federal student aid programs. It was clear from the reduced dollars that federal policy would continue to shift the cost of providing student aid to the states and require students and their families to meet a larger proportion of their higher education expenses. Although these proposals were not adopted by Congress, other legislation such as the Higher Education Amendments of 1986 has continued this policy trend.

The federal retreat threatens to widen the gap between what students and their families are asked to pay for college and what many of them can reasonably afford to pay at a time when higher education costs are growing. If the patterns of the recent past continue, the parents of a child born this year will face four-year costs of more than $60,000 at New Jersey public colleges and more than $120,000 at New Jersey independent colleges. Increasingly, we must think of financing a college education in the same terms as financing a house -- we must save and borrow to buy it, and then be prepared to pay for it over a long period of time. This requires us to rethink the concept of student assistance and provide a wider variety of financing alternatives for students and their families.

New Jersey financial assistance programs should continue to serve the needs of a broad constituency, including underrepresented minorities. The Board has made increasing these minorities' participation in higher education one of its top priorities. Blacks and Hispanics are becoming a larger segment of our society. They have a growing potential to enhance our future progress, but only if they are encouraged to pursue higher education. Our minority population made great strides in the 1970's when federal programs were expanding. Recent declining college participation rates among full-time students suggest that current trends in federal policy are helping to undo earlier gains. If we are to remain an educated, productive and pluralistic society, we must do more to bring ethnic minorities into the mainstream of higher education.

The Board of Higher Education created the Student Assistance Committee in February 1986. Our challenge was to ensure that combined state and federal student financial assistance programs would continue to encourage the pursuit of excellence and expand educational opportunities equitably and effectively. Social and economic changes further challenge us. The rapid and relentless pace of change demands that we devise some mechanism to review and revise our aid programs periodically.

In May 1986, when the Committee sponsored a statewide conference on student aid, two prominent speakers familiar with federal policy warned us to expect "less of the same." Discussion groups composed of representatives of the New Jersey higher education community raised and discussed issues related to financial aid programs. Summaries of the discussions were used to outline the problems that the Committee has raised in this report. A first draft of this report was circulated among higher education institutions and associations in November 1986. In response to their concerns some sections of the report were rewritten and several recommendations were added in a final draft circulated in February 1987. The Committee held a public hearing on this draft in March 1987 and the testimony has resulted in further modifications.

Through its deliberations, the Committee also came to realize the importance of certain policy issues not fully developed in this report. These include: the need to contain the costs which are driving college tuition up; the service needs of special populations; the place of the non-traditional student in state and institutional programs; and the adequacy of trained manpower to fill occupations that are critical to our society. The Committee recommends that the Board of Higher Education either renew this Committee's mandate or establish a new committee to examine these and other items in the standing agenda for student assistance.

## SECTION ONE: MEETING COLLEGE COSTS

### Rising College Costs

Between the fall of 1982 and 1986, the cost of attending college, both nationally and in New Jersey, rose at double the rate of consumer prices. The average student budget for dependent full-time undergraduates who applied for a Guaranteed Student Loan rose from 30 to 40 percent in those five years, increasing by $1,200 to $1,500 at public institutions and by $3,200 at New Jersey independent colleges. These student budgets are the institutional estimates of total expenses: tuition, fees, room and board, books, transportation, and personal expenses. As Table 1 illustrates, although total undergraduate expenses have increased at about double the rate of consumer prices, they have not increased more than New Jersey per capita personal income, which is our most general index of income growth.

**Table 1: New Jersey College Costs, Consumer Prices, and Income 1982 to 1986**

| | Average GSL Borrower Student Budgets | | | | New Jersey Index | |
|---|---|---|---|---|---|---|
| Fall | County Colleges | State Colleges | Rutgers NJIT | Independents | Consumer Prices | Personal Income |
| 1982 | $3,300 | $4,500 | $5,000 | $8,000 | 279 | $13,100 |
| 1983 | 3,600 | 4,800 | 5,400 | 8,900 | 289 | 14,000 |
| 1984 | 4,100 | 5,100 | 5,900 | 9,700 | 300 | 15,300 |
| 1985 | 4,300 | 5,400 | 6,200 | 10,400 | 313 | 17,200 |
| 1986 | 4,500 | 5,800 | 6,500 | 11,200 | 320 | 18,300 |
| Change | +$1,200 | +$1,300 | +$1,500 | +$3,200 | + 41 | +$5,200 |
| % Change | +36% | +30% | +30% | +40% | +15% | +40% |

The difference between consumer price increases and the much greater income increases partially explains the rise in college costs. As with all labor-intensive service industries, higher education's cost structure is heavily weighted toward wages and salaries. When wages go up, the cost of running a college goes up as well. In addition, there has been a delayed response to the high inflation of the late 1970's. Colleges and universities are making up for the devaluation of faculty salaries and deferral of plant and equipment maintenance outlays during the years when energy and other costs were steeply rising. Finally, in pursuit of excellence, higher education institutions must equip laboratories and libraries with the latest in sophisticated technologies. To compete with regional colleges and universities for high-achieving students, first-class faculties, and outside research funds, these institutions must raise more money by charging higher tuition.

### The Growth and Distribution of Family Income in New Jersey

Average personal income does not measure the impact of higher costs on families at all income levels. Although incomes have grown to cover part of the higher college costs, not all incomes shared equally in the growth. We can get a better sense of changes in student income distribution by looking at New Jersey median family income, which has been very close to the income reported by "college-bound seniors" taking the SAT exams.

New Jersey is a high-income state, with a median family income of about $36,000 in 1986, roughly 20 percent above the national average. However, it is also a high-cost state, with living costs about 20 percent above the national average. There is no widely accepted definition of income categories, but in New Jersey we do have a legal definition of low and moderate income levels. In the Mount Laurel II decisions, which established the income categories for which communities are required to supply subsidized housing, the New Jersey Supreme Court defined low income as under fifty percent of median income, and moderate income as between fifty and eighty percent of median income. In 1986, estimates place low income at $18,000 and below (fifty percent of $36,000) and moderate income at between $18,000 and $29,000 (fifty to eighty percent of median). By the same logic, middle income then extends to median plus fifty percent, or $29,000 - $54,000. The upper limits of these income categories are compared to median family incomes in New Jersey from 1980 to 1986 in Table 2, below:

**Table 2: New Jersey Median Family Income and Income Category Limits, 1980 to 1986**

| Income Year | Median Income: All NJ Families | Median Income: NJ College-Bound Seniors* | Approximate Upper Limit Of Income Categories: "Low" | "Moderate" | "Middle" |
|---|---|---|---|---|---|
| 1980 | $24,000 | $24,400 | $12,000 | $19,000 | $36,000 |
| 1981 | 26,700 | 26,900 | 13,500 | 21,000 | 40,000 |
| 1982 | 27,800 | 29,500 | 14,000 | 22,000 | 42,000 |
| 1983 | 31,300 | 31,500 | 15,500 | 25,000 | 47,000 |
| 1984 | 33,400 | 33,800 | 16,500 | 26,500 | 50,000 |
| 1985 Est. | 35,000 | | 17,500 | 28,000 | 52,000 |
| 1986 Est. | 36,000 | | 18,000 | 29,000 | 54,000 |

* Seniors taking SAT exams who will be freshmen the next year.

Dollar changes in income levels over time can distort our perceptions, which are rooted in earlier experiences. Just six years ago, in 1980, an income of $30,000 was considered solidly middle income. Today, a family earning $30,000 a year is on the edge of the moderate income class. Policies that once primarily served families making $12,000 or less a year must now serve families making up to $18,000 a year to fulfill the same goals.

**Declining Federal Aid**

Federal student aid funds for New Jersey college students have been declining for several years. Maximum Pell grants, once called the "basic" grants, increased by only $300 between 1982 and 1985 (from $1,800 to $2,100) while college costs rose by more than three times that amount. There was no increase in the maximum in 1986 and it will still be $2,100 in 1987. The "campus-based" programs (Supplemental Educational Opportunity Grants, National Direct Student Loans and College Work-Study) have been funded at the same dollar level since the late 1970's. Since 1981, Guaranteed Student Loan (GSL) eligibility has been reduced, or in many cases totally eliminated for families with incomes over $30,000. At the same time, an increasing proportion (now about 20 percent) of Pell and GSL funds are being used by low-income students to attend proprietary secretarial, beauty, and technical schools. (see Figures 1 and 2 in the Appendix)

Between 1981 and 1985, the amount of federal aid available to New Jersey full-time undergraduates dropped from about $167 million to $135 million. During these years, New Jersey state grant funds increased by $21 million and student aid funds from New Jersey colleges grew by $9 million, mostly at independent colleges. The aggregate amount of aid dropped $2 million while aggregate costs increased $220 million. The percentage of total costs paid by students and their families as current expenses rose from 62 to 73 percent as Table 3 shows below.

**Table 3: Source of Funds for College Expenses (Million $) of New Jersey Full-Time Undergraduates**

| **Federal Aid Funds** | **1981-82** | **1985-86** | **Change** |
|---|---|---|---|
| Loan Guarantees (GSL, NDSL, PLUS) | $105 m | $ 76 m | -$ 29 m |
| College Work-Study | 10 m | 10 m | 0 |
| Grants (Pell, SEOG, SSIG) | 52 m | 49 m | - 3 m |
| Total Federal Aid | $167 m | $135 m | -$ 32 m |
| **New Jersey State Grant Funds** | $ 38 m | $ 59 m | +$ 21 m |
| **Institutional Grant & Loan Funds** | 15 m | 24 m | + 9 m |
| Total State & Institutional Aid | $ 53 m | $ 83 m | +$ 30 m |
| **Total Student Aid** | $220 m | $218 m | -$ 2 m |
| Total College Costs | $580 m | $800 m | +$220 m |
| -Total Aid Funds | 220 m | 218 m | |
| Family & Student Funds | $360 m | $582 m | +$222 m |
| Percent of Costs Paid by Students & Families as Current Expenses: | 62% | 73% | |

Pell grants, which were once available to middle-income students, are now increasingly concentrated on poor students -- 90 percent of the funds go to students with incomes under $18,000, but the average award for these students has increased by only a few hundred dollars since 1981. About 30 percent of the campus-based work-study, NDSL loans, and SEOG grants are still available to some moderate- and middle-income students, but the awards average only between $500 and $800. GSL "need" criteria have reduced the loan eligibility of middle-income families at low-cost, in-state public institutions, and of upper-middle-income families with children at high-cost institutions. In addition, the annual well-publicized announcements of massive cuts in the federal student aid budget (which are later rejected by Congress) have spread the perception that adequate student aid funds are no longer available and have helped to discourage low-income students from planning to attend college.

The federal administration FY 1987 budget proposals for student aid programs aimed to restrict eligibility for Pell grants and the campus-based programs to low-income families, and to limit middle- and upper-middle-income eligibility for GSL loans (as well as to eliminate GSL interest subsidies for all students -- regardless of income).

The major cutbacks in the FY 1987 federal student aid budget were rejected by Congress, but the slow erosion of federal support for these programs has continued. Funding levels have failed to offset continued rising costs to students. A carry-over deficit in the Pell Grant program resulted in substantial losses to students enrolling in 1986-87. About 4,000 New Jersey students with family incomes of $20,000 - $28,000 lost their Pell grants completely; another 9,000 with incomes between $15,000 and $20,000 received grants reduced by $300; and the lowest income students received the same $2,100 grant as in 1985 instead of the $2,300 which had been authorized. Nationally, the proportion of freshmen receiving Pell grants has dropped from 27 percent five years ago to 17 percent in 1986-87.

In November 1986, the reauthorization of the Higher Education Act was adopted into law after several years of legislative study. The reauthorization act was generally favorable to the higher education community and either confirmed or improved most of the existing federal programs of student aid. Nevertheless, certain changes in the eligibility requirements for participation in the GSL program will make it more difficult for middle-income undergraduates to qualify in the future. An estimated 16,000 undergraduates from New Jersey who are currently receiving a GSL loan will no longer be eligible for one in 1987-88. Overall, about one quarter of the current undergraduate GSL borrowers will become ineligible next year; at the four-year public colleges up to 40 percent may lose their eligibility. Loan funds will still be available through the PLUS program, but at higher interest rates and without the interest-free subsidy while students are still in school.

The administration proposals for the FY 1988 student aid budget announced in January 1987 once again called for major cutbacks, including: elimination of work-study and SEOG grants; further restrictions on Pell Grant eligibility; and the elimination of GSL interest subsidies. Although adoption of these proposals by Congress is unlikely, **the future trends in federal aid are clear: low-income students will receive no significant increases in their award amounts, despite higher costs; moderate-income students will be eliminated from the Pell grant program; middle-income students will be eliminated from the campus-based programs; and the eligibility of middle- and upper-middle-income students for guaranteed loans will continue to be restricted.**

**Current State-Funded Student Aid Programs**

The keystone of New Jersey undergraduate financial aid programs is the Tuition Aid Grant (TAG) Program, which eliminates or reduces tuition costs for about 40,000 low-, moderate-, and middle-income undergraduates attending New Jersey colleges full time. TAG is supplemented by two programs designed to help colleges recruit special populations. The Educational Opportunity Fund (EOF) provides additional grant aid and academic support services for about 11,000 educationally and economically disadvantaged TAG students. In addition, the Garden State Scholarship (GSS) Program offers additional funds to help cover the unmet financial aid needs of about 7,500 TAG students with records of high academic achievement. The TAG, EOF, and GSS programs provided about $60 million in grants in 1985-86, and are the fundamental New Jersey need-based programs of undergraduate aid

delivery. These are all grant-based aid programs; the state currently funds neither broad-based loan nor work-study programs, and provides no aid for part-time students. (see Figure 3 in the Appendix)

A number of programs also offer aid to special categories of undergraduate and graduate students. The Distinguished Scholars Program, when fully implemented, will provide a $1,000 annual award to about 2,700 students with outstanding records of academic achievement as an incentive to attend a college or university in New Jersey. In addition, several smaller state programs serve other particular needs. The Public Tuition Benefit Program provides full tuition for children and surviving spouses of various police, fire, law enforcement, and civil defense agency staff killed in the performance of duty. The Vietnam Veterans Tuition Aid Program provides full tuition assistance for veterans who attend public institutions and partial tuition for those who attend independent institutions. The Veterans Tuition Credit Program supplements the assistance available to veterans under federally-funded educational programs. The Prisoner of War/Missing in Action Program provides benefits to dependent children of military personnel who are declared POW/MIA's. Finally, the competitive Garden State Graduate Fellowship Program awards an average of $6,000 per year to 80 students and the EOF graduate program provides about 200 students an average award of $3,000 per year to pursue graduate studies at a New Jersey institution.

New Jersey's public tuition policy is based on the principle that undergraduates and their families should pay an average of about 30 percent of the actual cost of public higher education. However, the Tuition Aid Grant (TAG) program has altered the actual impact of this principle. For full-time undergraduates, only middle- and upper-middle-income families actually pay full public tuition; moderate-income families generally pay $300-$500; low-income families pay little or nothing for tuition. The average net tuition actually paid by students (average tuition minus the average TAG award) has actually declined slightly at the public institutions for several years, despite tuition increases. The tuition policy, in conjunction with the annual adjustments in the TAG program, keeps tuition from being a financial barrier to access at the public institutions. (Figures 4 and 5 in the Appendix)

Among the TAG applicants, virtually all low-income dependent students, 90 percent of moderate-income students, and about 75 percent of self-supporting students, were eligible for New Jersey TAG awards in 1985-86. The major difference in TAG eligibility by sector occurs in the middle-income groups and reflects differences in tuition levels. For families with one child in college, eligibility at the county colleges essentially stops at the income group below the median ($28,000); at the state colleges, it stops at the median ($34,000); at Rutgers, NJIT, and independent institutions, it stops at the group above the median ($38,000-$40,000). In contrast, Pell grant eligibility at all sectors stops at about $24,000 this year.

**How Aid Is Distributed by Income and Sectors**

The distribution of New Jersey undergraduate financial aid dollars by income levels reflects these different program eligibility criteria, as seen in Table 4, below. Pell grant and EOF funds are concentrated on self-supporting and low-income students. TAG and GSS grants extend into the middle-income range. (The upper-middle-income students with financial

assistance come from families with an average of three children in college at the same time.) The GSL funds are highly concentrated in the middle-income group and have been the major source of middle-income aid. Institutionally-funded aid is almost entirely from independent institutions, which offsets their higher tuition for a wide range of income levels.

**Table 4: Approximate Distribution of Financial Aid (Million $)* by Income to New Jersey Full-Time Undergraduates, 1985-86**

| Income (1984) | | Pell | TAG | GSL | C-B[1] | GSS | EOF | Inst[2] | Total Aid |
|---|---|---|---|---|---|---|---|---|---|
| Self-supporting | | $16 | $ 9.5 | $12 | $ 6 | $0.1 | $2.0 | $ 3 | $ 49 |
| Low | (under $16,500) | 20 | 17.0 | 8 | 8 | 0.6 | 4.5 | 5 | 63 |
| Moderate | ($16,500-$26,500) | 5 | 10.0 | 10 | 7 | 0.9 | 0.5 | 5 | 38 |
| Middle | ($26,500-$50,000) | 1 | 9.0 | 24 | 3 | 1.6 | - | 9 | 48 |
| Upper Middle | ($50,000+) | - | 0.5 | 6 | - | 0.2 | - | 2 | 9 |
| Total | | $42 | $46 | $60 | $24 | $3.4 | $7.0 | $24 | $207 |

* Excludes PLUS, EOF summer grants, and smaller programs

Sources of aid funds also differ considerably by sector, as seen in Table 5. Since the TAG program is directly linked to tuition levels, higher-tuition sectors receive more funds because the awards are larger and also because eligibility extends into middle-income groups. The maximum Pell grant awards are the same at most four-year colleges and eligibility does not extend into higher income levels at higher-cost institutions, so the amounts primarily reflect differences in the number of self-supporting and low-income students. Federal and state aid funds cover about 20 percent of the aggregate costs at the county colleges and about 25 percent at the public and independent four-year colleges. However, because the independent institutions also contribute more than $20 million in aid from their own funds, about one-third of the aggregate cost to New Jersey students is covered at those institutions.

**Table 5: Approximate Distribution of Financial Aid (Million $) by Sector to New Jersey Full-Time Undergraduates, 1985-86**

| | Pell | TAG | GSL | C-B[1] | GSS | EOF | Inst[2] | Total Aid | Total Cost | % Cost Covered By Aid |
|---|---|---|---|---|---|---|---|---|---|---|
| County Colleges | $13 | $ 6 | $ 7 | $ 3 | $0.1 | $1.6 | $ 1 | $ 32 | $165 | 19% |
| State Colleges | 12 | 10 | 18 | 6 | 0.8 | 1.6 | - | 49 | 205 | 24% |
| Rutgers/NJIT | 9 | 14 | 15 | 7 | 1.6 | 1.4 | 1 | 49 | 195 | 25% |
| Independents | 8 | 16 | 20 | 8 | 1.0 | 2.4 | 22 | 77 | 235 | 33% |
| Total | $42 | $46 | $60 | $24 | $3.5 | $7.0 | $24 | $207 | $800 | 26% |

[1] Campus-Based federal programs

[2] Institutional grant and loan funds

## Current and Future Problems

The categories of "low," "moderate" and "middle" income defined in relationship to median income show approximately how the income boundaries are changing, but do not tell us about the changing proportions within each group. Recent studies of national income distributions suggest that America is becoming a less equal society, and that there is a growing gap between the rich and the poor (Ehrenreich, 1986).

One reason for the growing disparity in income levels is the increasing importance of having two wage-earners in the family to achieve middle-income status. Among dependent TAG applicants in the fall of 1985, 55 percent of the middle-income students and 75 percent of the students above the middle came from families with two working parents, as seen in Table 6, below. In contrast, 70 percent of the low-income students and 43 percent of the moderate-income students came from households headed by a single parent.

**Table 6: Parental Status of Dependent TAG Applicants to New Jersey Colleges Fall 1985**

| | | | Parents' Status | | |
|---|---|---|---|---|---|
| | | Number of | Single Divorced | Married Couples | |
| Income (1984) | | Applicants | Widowed | 1 Earner | 2 Earners |
| Low | (Under $16,500) | 18,000 | 70% | 25% | 5% |
| Moderate | ($16,500-$26,500) | 11,700 | 43% | 35% | 22% |
| Middle | ($26,500-$50,000) | 17,000 | 11% | 35% | 54% |
| Upper Middle | ($50,000 +) | 5,300 | 1% | 24% | 75% |

Low- and moderate-income families in New Jersey also include a disproportionate number of minority members. Among New Jersey high school seniors taking the SAT examination in 1985, 75 percent of the black seniors and 80 percent of the Puerto Ricans come from low- or moderate-income families (versus 35 percent of the white students).

The economic condition of New Jersey black families is not improving. The percent of blacks below the poverty line in New Jersey increased from 23 percent in 1969 to 31 percent in 1979. Although data are not yet available, this proportion is likely to have increased even further during the 1980s. The poverty level of Hispanics fell slightly over this decade, from 28 to 27 percent, but remains significantly higher than the poverty level for whites, which was 6.3 percent in 1979 (New Jersey Department of Higher Education, January 1985).

Demographic changes have a direct bearing on the type and amount of student financial assistance the state should provide. Considering the current relative economic differences among blacks, Hispanics, and whites, it is clear that a greater proportion of blacks and Hispanics will need student financial aid to attend college. The percentage of minorities in the total New Jersey population will grow from 16.8 percent in 1980 to 21.0 percent in 1990, and it will continue to grow long after that (New Jersey Department of Higher Education, March 17, 1986). New Jersey's Hispanic community is

apparently the fastest-growing segment of the population, but continues to be underrepresented in colleges. Hispanics represent 7 percent of New Jersey's total population but only 2.3 percent of its college-educated population.

Because of their low-income profile, blacks and Hispanics are particularly vulnerable to increases in college costs and decreases in student financial aid. The College Board's 1985 report on blacks in higher education concluded that "financial aid has a great effect on college retention rates, particularly for black students, who are nearly twice as likely to stay in four-year colleges if they receive aid."

Older, non-traditional, self-supporting students have the lowest incomes of all. Approximately 50 percent of the county college TAG applicants and 17 percent of the four-year college TAG applicants are self-supporting. About 90 percent of these are twenty-one years old or older, 75 percent have incomes of less than $9,000 per year, and 50 percent are either married or single parents. Frequently, self-supporting students must attend college part-time to accommodate work, family, and education demands. But part-time students with financial need are eligible for grant assistance only through Pell, not through any state program.

In the fall of 1985, of the 2,700 single parents who received TAG awards, 55 percent received Aid to Families with Dependent Children (welfare). Just two years earlier, in the fall of 1983, single parents received almost 4,000 TAG awards; 2,500 (65 percent) of them received child welfare payments as well. In the EOF program, the total number of black students decreased by about 700 (13 percent) between 1982 and 1985; two-thirds of this decrease (450 students) was accounted for by a loss of black single mothers, the majority of them on welfare. These declines are partly due to the current welfare system, which reduces payments when single parents receive financial aid to attend college.

There are further indications that the statewide decline in minority college enrollments is related to the decline in self-supporting state grant applicants and grant awards. In the EOF Program, a large part of the black enrollment decline can be explained by the decline in the number of black self-supporting women. Among TAG applicants in general, the applications from the poorest districts of the state with high concentrations of minorities include 40 percent from self-supporting students, while applications from the rest of the state include only 20 percent from self-supporting students. Statewide, self-supporting student TAG applications and awards have dropped precipitously in the last few years, and account for a large part of the decrease in TAG awards at the county colleges. Between 1982 and 1985, the total number of self-supporting TAG applicants dropped 21 percent, and the number of awards also declined 21 percent, from 10,800 to 8,500. However, the number of dependent TAG applicants fell by only 13 percent while the number of dependent awards has remained virtually stable (from 32,200 to 31,900).

The financial aid needs of low- and moderate-income students, both dependent and self-supporting, will continue to grow as college costs keep rising. These students also will continue to receive a large proportion of the available grant aid. Middle-income students may receive some grant aid from TAG, GSS, and institutional funds, but their major source of assistance

will be through student loans. As the median family income in New Jersey continues to rise, it will become increasingly difficult for middle-income students to qualify for any need-based student aid, including Guaranteed Student Loans. As incomes rise, the amount that parents are expected to contribute towards educational costs rises even faster. In 1982, the average "expected" parental contribution towards college costs from middle income ($21,000-$40,000) TAG applicants was $2,000, or 10 percent of parents' average after-tax income. For 1985 TAG applicants, middle income had shifted to a range of $26,500-$50,000, and the expected parental contribution had more than doubled to $4,200, or 16 percent of average after-tax income.

Despite the rising college costs and the increasing amounts that middle income families will be expected to contribute before qualifying for financial aid, there is little evidence of advance financial planning to meet these costs. To pay their college bills, families are cutting back on current expenditures, dipping into their savings, selling off part of their assets, and financing the remainder. Current income accounts for 65 percent of total parental and student contributions to college tuition, fees, and maintenance expenses. Moreover, about half of all parents liquidate at least part of their assets while their children are in college. (Doran, Wagner and White, 1985)

Debt-financing is also on the rise. In addition to the numbers that take advantage of government loan programs, about one-fifth of all families currentiy borrow through the private credit market to help finance the college education of their children or themselves. (Doran, Wagner and White, 1985) But there are limits on educational borrowing, primarily because credit is being exhausted for other purposes. Since the economic recovery from the last recession, families have sunk more and more deeply into debt just to meet short-term, everyday purchasing needs. Overall family debt is now at a historic high of $550 billion. That amounts to a 19 percent growth in consumer debt in only one year and represents a new high in family debt/asset ratio (New York Times, March 14, 1986 p.4).

Families are also saving less than they used to. In 1974, savings represented 9 percent of personal disposable income. Since 1978, savings have remained steady at 6 percent of personal disposable income. Even though income is up, both the rate of savings and the amount of real savings per capita is down. (Ottinger, 1985) Whatever savings families can muster are being absorbed largely by investment plans that are designed for other than educational purposes.

To summarize, average incomes are up, but not by more than the cost of college. The range of low- to moderate-incomes has expanded to an upper boundary of almost $30,000. Some groups, particularly blacks and Hispanics, continue to fall disproportionately within the lower-income range. The poorest of these groups have lost ground. Middle-income families are using a higher proportion of their income to pay for college, borrowing more and saving less.

## SECTION TWO: SHARING THE RESPONSIBILITIES OF PAYING FOR COLLEGE

The Student Assistance Committee believes that New Jersey's financial aid policy should be built upon principles that apportion the burden of paying for higher education equitably and efficiently among students and their families as well as among institutions and governments. Well before financial aid enters the picture, state and county government and independent institutions already will have subsidized the difference between total instructional costs and the tuition and fees charged students and their families -- a considerable contribution to financing college costs. After these substantial direct subsidies, which benefit all students equally, the responsibilities of meeting added charges form a hierarchy: each level of obligation is met before the next higher level is called upon to contribute further.

According to the principles of obligation described below, the parental share is considered the basic source of funds for financing a student's college expenses. To this basic obligation is added the student's own contribution, usually derived from summer and academic-year employment. Governmental and institutional assistance comes last, after the parental and tudent contributions have been taken into account, and only then if the student's combined family resources are insufficient to cover the costs of attendance. The government should not only fill the gap of demonstrated need, but also provide means for parents and students to fulfill the reasonable financial obligations expected of families according to their relative levels of income and assets. In addition, the government has an interest in using aid to encourage academic excellence and reward public service.

**Principle 1. Families First. Parents bear primary responsibility for financing their dependent children's tuition, fees and maintenance costs of attending college.**

It is basic to higher education financing that the student's family will contribute to the best of its ability toward the cost of the child's education. Traditionally, familial obligation includes support and guidance to youth during the transition from complete dependence as children to full independence as productive and responsible adults. Most, though by no means all, college undergraduates are in a transitional state of dependence and still have to rely upon substantial help from their families. Financial aid should affirm this tradition.

This principle of family responsibility is widely accepted. In a poll commissioned by the National Institute of Independent Colleges and Universities in late 1983, the Roper Organization asked the parents of pre-college-age children about their plans for financing their children's education. Two-thirds of those polled felt that as parents they bore primary responsibility for financing their children's college education; 30 percent of the respondents felt their responsibility was secondary; only one percent of the parents felt they had no responsibility. (Thrift and Toppe, 1985)

A principle similar to "family first" is implicit in all need-based student financial aid programs. The various need-analysis systems now in use (such as the "uniform methodology" developed and used by institutions, state and federal agencies, and educational and private associations) take into account

how much the family of a dependent student can reasonably be expected to contribute toward college costs. This contribution, supplemented by the student's resources and anticipated earnings, is then subtracted from the student's projected expenses to determine the student's need, or eligibility, for financial assistance. The amount of the expected family contribution will vary on the basis of family income, family assets, and other factors placing demands on family resources. (Higginbotham and Van Dusen, 1984)

**Principle 2: Individual Effort. Students share the primary responsibility for contributing to the costs of their college education.**

The second principle of financial assistance policy is that the individual who benefits should bear some of the cost. The principle of individual effort is recognized in the current system for calculating financial need, and buttressed by the traditional American value to help those willing to help themselves. Furthermore, this principle acknowledges that a person more highly cherishes something if he or she has had to give up something else to obtain it. In the Roper poll of 1983, 90 percent of students felt that they had either the primary or secondary responsibility for financing their college education. Only 6 percent maintained that they had no responsibility. (Thrift and Toppe 1985)

Closely tied to the individual-effort principle is the provision of self-help forms of student aid -- primarily, work-study and student loans -- that provide students with the wherewithal for choosing from a larger selection of institutions. Even with grant aid, family support, and summer employment, a student's own contribution may be too little to afford the price of his or her preferred college. Unlike grants with few strings attached, this type of aid asks the student to commit a part of his or her time, in the case of work-study, or to pledge a part of his or her future income, in the case of student loans, in return for the aid. Self-help forms of financial aid also expand the resources available to higher education financing by leveraging public funds with funds from other sources, namely, lending institutions and employers.

Wages and loans are an appropriate means for helping students to attend the college of their choice precisely because education is a matter of their own choosing; they should bear some of the responsibility of that choice. However, both loans and work could have adverse effects if they are excessive or if they are used too heavily to support access rather than choice. Loans made during college attendance impose long-term costs on the borrower that can be economically justified only if the borrower is able to earn a larger income as a result of attending college. A danger exists for students who borrow more than they can repay through their post-college income. This risk is highest for students who borrow early in their college career, during their first and second years, when the benefits from college are least well-defined and most uncertain. If these students drop out, they will find themselves saddled with debt and in no better position to repay than if they had never gone to college. Students in these circumstances are also much more likely to default on loans. For GSL borrowers at four-year New Jersey colleges, those who drop out during the first two years of college are four times as likely to default than those who graduate.

When student borrowing under the Guaranteed Student Loan Program was growing dramatically in the late 1970s, inflation was high and real interest rates were low. The debt load on students rose, but could be paid off with a progressively-inflated income stream. Today that situation has been reversed. (Kramer, 1985) With a low rate of inflation and a significant, positive real rate of interest even on government-subsidized loans, the problem of excessive student borrowing has become more serious. (Education Commission of the States, 1986; Kramer and Van Dusen, 1986; Newman, 1985) This problem is most troublesome for low-income students who are led to borrow because grant-based assistance is inadequate to achieve access to higher education.

Although we would like to know much more about student work patterns, available information suggests that the majority of college students work, at least part-time, at some point during the year. From the students' point of view, even that is not enough. Students demand more work opportunities, especially at attractive wages, than they can currently obtain. If used properly, work benefits can include an introduction to potential careers, familiarity with workplace demands, and alternative modes of self-evaluation and learning. (Newman, 1985; Christoffel, 1985; Boyer, 1987)

**Principle 3: Public Assistance. New Jersey bears responsibility for supplementing resources available from parental and student contributions.**

The State of New Jersey supplements what students and parents pay for a college education within the state through two avenues: through support to institutions and through student aid to individuals. State institutional support, which includes funding to public colleges and universities as well as independent institutions, is usually overlooked as a form of aid to students and parents. In fact, it is a major form of subsidy, providing close to $700 million in FY 1987. Direct funding for public higher education institutions, combined with the Board of Higher Education's tuition policy, which sets tuition at about 30 percent of educational and general expenditures, ensures that students will pay a reasonable share of total costs at public institutions in New Jersey. This means that the state pays for 70 percent of educational and general expenditures at these institutions.

Institutional subsidies are essential for providing access to higher education. When parents and students are unable to pay full tuition, however, New Jersey also provides supplementary need-based grants to achieve more equitable educational opportunities. Need-based awards are and should continue to be the principal basis for allocating state aid to students. Currently, the state offers two grant programs based strictly on need: Tuition Aid Grants (TAG) and Educational Opportunity Fund (EOF) grants. A third program, the Garden State Scholarship (GSS), combines need with academic merit to determine eligibility.

In addition, New Jersey offers other awards to encourage academic excellence. The Garden State Graduate Fellowships and Distinguished Scholars programs award grants strictly on the basis of academic achievement. By basing aid on merit, these grant programs promote institutional excellence as they attract and retain academically talented students, make institutions more favorable environments for serious learning, and provide more appealing workplaces for faculty.

Aid can also reward valued public service. Public tuition benefits are given to the sons, daughters and spouses of policemen and firemen killed in the line of duty. The children of American servicemen declared by the military to be either prisoners of war or missing in action are eligible for POW/MIA awards. These merit and entitlement programs currently amount to less than ten percent of total state student assistance. The Student Assistance Committee feels that this proportion is suitable for meeting the subsidiary purposes of rewarding merit and service; most aid monies should continue to be allocated on the basis of need.

**Principle 4: Financial Alternatives. New Jersey bears responsibility for assisting parents and students in fulfilling their financial responsibilities.**

The Student Assistance Committee believes that a new principle should be added to the three preceding principles that have formed much of New Jersey's student financial assistance policies to date. This new principle extends the state's responsibilities beyond specifying the size of the expected family and student contribution when determining eligibility for need-based aid. New Jersey must also assume some responsibility for helping parents and students meet their full share of the costs of college education. In other words, New Jersey should provide financing alternatives as well as financial aid.

Parents and students face a future in which they will be called upon to give more of their resources to pay for college. Currently, only the federal PLUS loan program is available to help parents finance their share. We must broaden that effort with programs that parents can use to augment their role. New Jersey should initiate non-need-based programs that will stimulate greater effort from parents and students without taking state money away from need-based aid programs. In particular, these programs should concentrate, where appropriate, on fostering greater parental savings, greater sharing by parents of the burden of borrowing, and greater work effort on the part of students.

There is a clear need for families to save more for future educational expenses. The NIICU/Roper research showed that only half of all parents who plan to send their children to college actually save something. Even among those who are able to save, the average annual saving is a modest $517. (Thrift and Toppe, 1985) Programs that create incentives and opportunities for higher levels of parental savings, specifically for savings intended to pay for the college education of their children, would alleviate some of the burden imposed by rising college costs upon parents' current and future income, while adding to the total amount of funds available for financing higher education.

Similarly, students can be expected to respond positively to efforts that encourage them to help pay for college through meaningful part-time and summer employment. Work has added potential benefits, such as providing career preparation and incentives to persist through college, that enhance its appeal to students. However, student employment responsibilities while attending college full-time should reflect the academic preparedness of the students and not be allowed to impinge on their studies.

Self-help aid, if it is to support choice, should be available to students that fall within a wider income range than grant recipients. Beyond this, self-help aid could be used not only to meet the determined "need," but also to enable students to meet their expected contribution. It would not be aid in the sense of direct public assistance but aid in the sense of a financing alternative.

## SECTION THREE: PRIORITIES AND RECOMMENDATIONS

New Jersey's existing programs of student aid have provided an effective base for enlarging access, excellence, and choice, but there remain needs for improvement and new initiatives in several areas. These needs fall into four priority categories: (1) assuring access to higher education for all who can benefit; (2) meeting the goal of educational excellence; (3) providing a wide variety of financing alternatives; and (4) increasing the efficiency of financial aid programs.

### FIRST PRIORITY: Assuring access to higher education for all who can benefit

The top priority of New Jersey student financial aid programs is to assure access to higher education for all students who can benefit. The Student Assistance Committee reaffirms the central role played by the Tuition Aid Grant (TAG) program in providing access and recommends that the TAG program be expanded. The Committee also recommends that additional grant aid be targeted to low-income and disadvantaged students. It recommends a pilot project to aid part-time students and endorses the proposals in the FY 1988 Student Assistance Board budget request to establish assistance programs for EOF students advised to attend part-time and for students who are single parents.

**Recommendation #1. Expand the Tuition Aid Grant program to cover required fees.**

The Tuition Aid Grant program should continue to serve as the primary state program of undergraduate student aid. The TAG program works effectively to eliminate or considerably reduce tuition costs for students through the middle-income level, holding these students harmless from increases in tuition. However, the "required fees" charged in addition to tuition have grown to significant amounts in the public sectors. The required fees for full-time undergraduates in fall 1986 averaged about $150 at the county colleges, $200 at independent colleges, $350 at state colleges, $400 at Rutgers and $580 at NJIT.

Since the current legislation limits the size of the maximum TAG award to tuition only, the Student Assistance Committee recommends that legislative changes be sought to allow maximum TAG awards to be increased to cover all or part of student fees. The annual cost of this recommendation would be about $3 million for every $100 in fees covered.

**Recommendation #2. Continue to raise the maximum Tuition Aid Grant awards at independent institutions towards 50 percent of average sector tuition.**

The TAG Program has become the basic foundation of financial aid for low- and moderate-income students at New Jersey colleges. Between 1981 and 1986, the maximum TAG award for the neediest students at New Jersey independent colleges and universities was increased from $1,400 to $2,650,

representing a 10-point increase in the percentage of average sector tuition charged to TAG recipients, from about 33 percent to 43 percent.

The Student Assistance Committee recommends that the Department of Higher Education continue to move toward achieving the goal of funding the maximum TAG award at a level representing 50 percent of the average tuition in the independent sector. The funding requirements needed to achieve this goal for the independent sector, however, must be balanced against the equally pressing need for additional assistance to cover the rising cost of required fees in all sectors. The annual cost of this recommendation will be approximately $2.5 million above the $2 million annual increase required to meet the current 43 percent funding level.

**Recommendation #3. Revise the New Jersey eligibility criteria for self-supporting students to conform to national standards.**

There has been considerable debate in the financial aid community about the appropriate method for determining the expected contribution towards college costs of independent, or self-supporting, students. Currently, the New Jersey Eligibility Index (NJEI), the Pell Grant index, and the national Uniform Methodology all use different assumptions and methods. Although the details are complex, the methodology used to determine New Jersey grant eligibility for self-supporting students has been more restrictive than existing national standards and federal practice. The difference is most evident at the county colleges, where twice as many self-supporting students receive Pell grants as receive TAG awards. Overall, the number of self-supporting TAG recipients has dropped 21 percent since 1982, while the number of dependent awards has remained stable.

The Student Assistance Committee recommends that the Office of Student Assistance revise the criteria for determining the New Jersey Eligibility Index of self-supporting students to conform more closely with national and federal standards. Extending eligibility for these students would cost about $1 million per year.

**Recommendation #4. Establish additional assistance for single-parent students with children to support.**

Among the students seeking access to higher education in New Jersey are single heads of households who have special needs while attending college. Many are minority students enrolled at county colleges, and many are on welfare. The combined costs of college-related expenses and family maintenance, including child care, can prohibit these individuals from attending college or cause them to interrupt their educations as they are forced to work full time to support themselves and their dependents.

In order to lessen the financiai burdens of family maintenance for single-parent students, the Student Assistance Committee supports the creation of a two-year pilot project of Single-Parent Grants at selected colleges. The program should provide for the child care expenses of single parents

based upon the number of dependent children in the household. After a trial period of two years, if the program is shown to improve the academic success and retention of participants, it should be extended to students at other institutions.

This program will immediately benefit single parents not on welfare. Unfortunately, under current regulations, students who would be eligible for this program could lose welfare benefits, such as Aid to Families with Dependent Children (AFDC), Medicaid, and food stamps. After deducting tuition charges and required fees from a student's total financial aid award, social service agencies view any remaining financial aid intended for books, supplies, clothes, commuting expenses, and other college-related costs as available for family maintenance. Consequently, they will reduce or terminate AFDC, Medicaid, and food stamp benefits.

Federal regulations for AFDC also impose a work or work-training requirement on recipients, which inhibits the academic success and family care responsibilities of single-parent welfare recipients enrolled in college. States do have considerable latitude in defining the work or work-training requirement, however, so this obstacle to college enrollment for welfare recipients can be removed. Students are currently permitted to attend a community college for two years in fulfillment of their work-training requirement, but only on an exceptional basis. Enrollment in both two-year and four-year college programs should become a regular option for meeting the work-training requirement. It is time to recognize that higher education offers the best job preparation for these individuals. Discussions between the Department of Human Services and the Department of Higher Education have been underway to provide broader educational opportunities to welfare recipients, and Governor Kean's REACH Program (Recognizing Economic Achievement) promises to open the door to reforms of this type. It is essential that welfare reform legislation recognizes the special needs of single-parent students and provides for the equitable coordination of student assistance and welfare benefits.

The Single Parent Grants pilot project should start with a budget of $1,000,000 to serve a potential student population of 500 to 1,000 students and their children. The Committee also urges institutions to identify ways to provide convenient and affordable child care services for single parents in order that these parents may maximize the use of financial aid and welfare benefits for other necessary expenses.

**Recommendation #5. Extend TAG eligibility to part-time Educational Opportunity Fund (EOF) students.**

Many disadvantaged students are counseled to reduce course loads below full-time status to compensate for their educationally-deficient background. By doing this, they lose their eligibility for TAG and EOF awards, since both programs currently require full-time student status. Insufficient funds for tuition and other college-related expenses can lead to indefinite or permanent withdrawal from college. If academically underprepared students decide to maintain substantial course loads in order to retain TAG eligibility, their risk of academic failure will increase.

The Student Assistance Committee recommends the establishment of a two-year pilot program to provide tuition assistance for students who are counseled to maintain part-time status for academic reasons. Tuition assistance for part-time students will initially be limited to students enrolled in the Educational Opportunity Fund program. This program should commence in the 1987-88 academic year with a budget of $500,000 to service a potential population of 1,700 students, approximately 15 percent of the projected EOF enrollment. The impact of this pilot program on the academic success and retention of EOF participants will be evaluated to determine the need for extending Tuition Aid Grant eligibility to other categories of part-time students.

**Recommendation #6. Initiate a pilot project that would provide aid to students who could only enter college on a part-time basis.**

Part-time students comprise nearly half of the undergraduate enrollment in New Jersey. The majority of part-time students are over twenty-one and hold a full-time job. Many work for employers who provide tuition reimbursement benefits. Because most part-time students are already earning an income, extending state financial aid programs to them has not been considered a major priority in the past.

Nevertheless, there is a strong feeling in the higher education community that needy non-traditional students who have never been to college and do not work for employers who provide tuition benefits are discouraged from enrolling because they cannot start out on a part-time basis without financial assistance. Therefore, the Committee recommends the initiation of a pilot project to grant two free semesters of tuition for students with financial need who have never attended college before and intend to begin by taking six or fewer credits. It is hoped that many of these students will eventually enroll full-time. The results of the pilot project should be evaluated to assess the need for such programs.

The costs of this program could be shared between the college and the Department of Higher Education. If an estimated 500 students took part the first year, the cost would be approximately $200,000.

**SECOND PRIORITY: Meeting the goal of educational excellence**

The Board of Higher Education has identified access and excellence as two complementary elements of quality higher education in New Jersey. Financial assistance can and should enhance excellence while it assures access. Meeting the goal of educational excellence is the Student Assistance Committee's second priority. The Garden State Graduate Fellowship Program and the recently created Distinguished Scholars Program base awards strictly on academic talent. Together, they help to reduce the flow of high-achieving students to out-of-state colleges and support the objective of educational excellence in New Jersey. The Committee recommends greater state commitments to both programs. In addition, the Committee endorses the Student Assistance Board proposal to create a merit scholarship program for students from the most disadvantaged public school districts in the state.

Finally, the Committee recommends that the undergraduate Garden State Scholarship Program be restructured to operate as a more effective program of recruiting the best students to New Jersey colleges.

**Recommendation #7. Increase the number of Garden State Graduate Fellowships.**

As New Jersey continues its economic development through the expansion of high-technology endeavors, broad-based research and scholarship at the states' research universities will take on an increasingly crucial role. High-quality graduate programs are needed to support this research, and graduate students from a wide range of liberal arts and sciences disciplines are needed to fill these programs. These students will make up the core of scientists, professors, and highly trained personnel we will need to lead us into the future.

Our collective responsibility for encouraging higher education should not stop at the baccalaureate level. The Garden State Graduate Fellowship Program was begun in 1977 in recognition of the benefit society derives from training in advanced research and of the expense and prolonged commitment for an individual who elects to pursue graduate study in the arts and sciences. In 1986-87, eighty fellowship awards were made to New Jersey residents attending full time at a New Jersey graduate school in a non-professional degree program. Fellowships are currently set at $6,000 per year.

The Student Assistance Committee supports the continuation of the Graduate Fellowship Program in its present form and recommends that the program's budget and number of awards be approximately doubled over the next three years so that about 200 fellowships could be awarded each year. This would increase the annual cost of the program from $0.6 to $1.2 million.

**Recommendation #8. Continue funding the Garden State Distinguished Scholars Program beyond the experimental period.**

The Garden State Distinguished Scholars Program was enacted into law in 1984. Like the Graduate Fellowship Program, awards are given strictly on the basis of merit. The primary purpose of the Distinguished Scholars Program is to recognize the outstanding academic achievements attained by students in New Jersey secondary schools. This program provides a further incentive for students with outstanding academic records to pursue their undergraduate education at a college or university in New Jersey by offering a $1,000 annual award renewable through the students' periods of enrollment.

Under this program, students are nominated by their secondary schools based upon academic rank following guidelines set by the Department of Higher Education. For the 1986-87 academic year, 2,800 students were chosen as Garden State Distinguished Scholars from a total nomination pool of 6,700.

This program, more than any other student aid program, highlights the benefits and advantages of attending a New Jersey college or university. In addition to the publicity provided by the Department of Higher Education each year, institutions have initiated their own programs and events to promote their institutions and the degree programs available. This joint effort between the Department and collegiate institutions promotes the advantages of remaining in-state for the most promising of our high school graduates who plan to attend college. Recruiting and maintaining these students is a task that must continue if New Jersey is to have and keep a work force of highly skilled, highly educated individuals.

Since its inception in FY 1986, the Garden State Distinguished Scholars Program has been funded as an experimental program through the reserves of the New Jersey Higher Education Assistance Authority. The Student Assistance Committee applauds the Authority for providing the seed money and recognizes that the Authority cannot continue to fund the program indefinitely. In light of this program's successes, we recommend that the State of New Jersey continue its funding beyond the experimental period. The cost of maintaining the program at its current level will be $2.7 million per year.

**Recommendation #9. Establish an urban scholars program for talented youth handicapped by a weak secondary school environment.**

Every effort must be made to identify academically able and talented students in New Jersey's urban school districts, and provide incentives for these students to pursue education in New Jersey. Currently two major scholarship programs, the Distinguished Scholars Program and the Garden State Scholarship Program, rely heavily upon the results of the Scholastic Aptitude Test (SAT) in the selection process. Many competent but poorly prepared students who do not achieve high SAT scores cannot qualify for these scholarship awards. An alternative approach is needed so that students who have demonstrated achievement not necessarily measured by standardized test scores may receive recognition through scholarship assistance. This program would recognize academic skills as well as special talents in art, music, and theatre.

The environments of certain historically impoverished high school districts in the state impede the educational preparation of their students, as their very low rates of basic skills proficiency and college attendance show. The poorest of these districts tend to be urban and host to minority students. The Department of Education has identified these districts, drawn from its "A" and "B" District Factor Groups, the lowest and second lowest socioeconomic rankings of school districts. (New Jersey Department of Higher Education, January 1986) Some students in these areas could do well in college if they received added encouragement. Scholarships directed at students from the most disadvantaged high schools in the state could provide the best students in those schools with the added encouragement they need to enroll in college, and it would also strengthen minority participation in higher education.

The Student Assistance Committee recommends the creation of an urban scholars program to provide scholarship assistance to the graduates of the 66 secondary schools from A or B school districts throughout New Jersey. The program should be promoted in these schools in conjunction with Educational Opportunity Fund recruitment activities and administratively integrated with the Distinguished Scholars Program. The urban scholars program should provide at least 500 freshmen awards of $1,000 each year beginning in the 1987-88 academic year. Every school should be guaranteed a minimum number of awards and the awards should be renewable throughout four years of undergraduate study.

**Recommendation #10. Restructure the Garden State Scholarship Program to better meet its intended goals.**

Garden State Scholarships are awarded to New Jersey residents who attend a college or university in New Jersey and who qualify on the basis of financial need and academic ability as determined by Scholastic Aptitude Test scores and class rank in high school.

Garden State Scholars are identified at the campus level as part of the admission process. During the 1986-87 academic year, several new regulations were implemented as a result of the report of the Garden State Scholarship Study Committee. In order to reinforce and reevaluate the recruitment potential of the program, the maximum award amount was raised to $1,000. In many cases, the maximum Garden State Scholarship award is combined with a Distinguished Scholars award and other institutional funds in order to offer a substantial financial aid package to the most academically able students. An earlier deadline date for submission of freshman award requests was also established to encourage institutions to maximize recruitment efforts during the months when students could be most influenced in choosing a college. In addition, institutions that did not participate fully in the past were offered a minimum annual allocation of funds to expand their recruitment activities.

However, the number of freshmen receiving Garden State Scholarship awards has continued to decline. For academic year 1986-87, approximately 2,000 freshmen have been approved for awards, contrasted with 2,250 in 1985-86 (down 11 percent) and 2,700 in 1984-85 (down 25 percent). Moreover, many colleges were unable to award all of their allocated funds in FY 1987 under the new regulations.

The Committee has heard a great deal of conflicting testimony about the appropriate structure and function of the Garden State Scholarship program. Even those institutions which strongly support the continuation of the program have called for more changes in the regulations. The Student Assistance Committee recommends that this program be reexamined by the Department of Higher Education and more closely integrated with the other merit-based student aid programs (Distinguished and urban scholars) whose common objective is the recruitment of the best students from New Jersey secondary schools to New Jersey colleges.

**THIRD PRIORITY: Providing a wide variety of financing alternatives**

The Student Assistance Committee believes that the State of New Jersey can do more to assist parents and students in fulfilling their obligations to help pay for college. Programs that improve early parental financial planning would not necessarily require large state expenditures or draw money away from need-based aid. They would give the state leverage over increasing the size of the contribution from parents and students. These programs would also widen students' range of choice by expanding their financing options. The Student Assistance Committee makes five recommendations to provide greater opportunities for students to earn their way through college and to enable their parents to give greater assistance:

**Recommendation #11. Develop tuition prepayment and savings plans for students to attend colleges in New Jersey.**

Parents need encouragement to begin early saving and planning for future college expenses. A plan that allows one individual to invest in another expressly for the chance to attend college would have great appeal to grandparents, godparents, aunts and uncles, and others who consider the gift of higher education appropriate and worthwhile. Institutions that participate in such plans could offer financial advising services to potential participants as an added inducement to join.

The Committee recommends the development of New Jersey tuition prepayment and savings plans. Any tuition prepayment plan should provide for flexibility and choice to meet the needs of families over a broad range of income levels, and should:

- Enable state residents to save for tuition and fees at New Jersey public and independent institutions.
- Allow families an option to avoid paying income taxes on the increased value of their prepayment.
- Limit the financial risks and costs of the plan to the participating institutions.
- Establish a public authority to oversee an independent fund and manage the plan's investments.
- Be financially self-supporting and not rely on state funds.

The Committee endorses the Department of Higher Education's proposal for a Tuition Assurance Plan as an appropriate model for such a plan.

**Recommendation #12. Explore the need to establish a state supplemental loan program.**

The Higher Education Amendments of 1986 as well as the federal Tax Reform Act have brought about so many changes in the federal guaranteed student loan programs and the tax deductibility of interest payments that there is considerable uncertainty about the future supply and demand for student loan funds. Eligibility for GSL funds has been restricted for undergraduates, but expanded for graduate students. For those who continue to be eligible, the GSL loan limits have been increased, but so have the interest rates. Unsubsidized federal loans (PLUS and SLS) will be offered at lower but variable interest rates with higher loan limits. Interest payments for educational loans will no longer be tax deductible unless they are financed through home equity loans.

It is not yet clear what the reaction of lenders and borrowers will be to all of these changes in the student loan market. However, many states have established successful supplemental student loan programs and many of our colleges have advocated similar programs for New Jersey. The Student Assistance Committee therefore recommends that New Jersey explore the need to establish its own State Supplemental Loan Program through the New Jersey Higher Education Assistance Authority (NJHEAA). Such a program should make the parents either the principal borrower or the co-signer of a loan taken out by the student. In addition to involving parents actively in the debt obligation, the program should allow for extended repayment periods.

A state loan program should issue loans at unsubsidized rates of interest and charge an origination fee large enough to meet anticipated expenses and protect the equity of the program against default. It should strengthen parental responsibility and alleviate some of the debt burden shouldered by students, but not add to the state's fiscal responsibility. All costs associated with the State Supplemental Loan Program -- principally for administration and defaults -- should be the responsibility of the NJHEAA.

**Recommendation #13. Create a state work-study program for students unable to find suitable summer employment.**

The Committee has heard a great deal of dissatisfaction with the current relationship of student employment and financial aid. One common problem is that many campuses are not adequately staffed to administer work-study programs. Another major concern is that work-study and cooperative education earnings adversely affect the eligibility of students for other types of aid. Many financial aid directors have argued that student employment programs, while providing an important source of student assistance, should not be restricted by the usual need analysis criteria. These are complex issues which will become even more difficult when yet another system of federal "need analysis" is introduced as a result of Reauthorization.

The Committee therefore recommends that the Office of Student Assistance sponsor further discussions and study the appropriate relationship of student earnings, student budgets, and need analysis in determining eligibility for state financial aid programs. Students, regardless of their need,

deserve sufficient opportunities for helping to pay their college expenses. The state can do more to assist students to find meaningful summer employment that matches their educational goals and interests. Nevertheless, work-study programs should continue to give priority to those students with the greatest need.

The Committee recommends the creation of a state summer work-study program which gives a high priority to creating jobs for low-income students living in high unemployment areas. This program should use opportunities for public as well as private sector employment. For example, students could receive compensation for participating in community and public-service projects. As a prerequisite for inclusion in the program, work should be both productive to the employer and educationally rewarding to the student. Eligibility should be limited to graduate or undergraduate students enrolled or accepted for enrollment at a college in New Jersey. The Department of Higher Education would coordinate employment opportunities, regulate the terms of participation, and disseminate information to students and potential employers. The first year's cost is estimated at $0.5 million, with an annual cost of $1.0 million thereafter.

**Recommendation #14. Explore cooperative education as an option for educational financing.**

Cooperative Education Programs (Co-op) have made a valuable contribution in helping students to finance postsecondary education. Twenty-eight colleges and universities in New Jersey administer Co-op programs involving over 5,000 students.

Some institutions maintain "parallel" Co-op programs in which students undertake a work experience while enrolling in other college-level courses. Other institutions provide "alternate" programs in which students enroll in regular college courses one semester, and the next semester undertake a Co-op work experience without enrolling in additional courses. Depending on the number of hours worked each week, students generally earn between $1,500 and $6,500 per semester for college-related expenses such as tuition, fees, family maintenance, day care, and commuting.

Many Co-op students who are also eligible for financial aid must drop to part-time enrollment status during a Co-op semester as a result of the demands of the work schedule. These students then become ineligible for state grants which are offered only to full-time students. Moreover, Co-op earnings are considered as available taxable income in the calculation of the New Jersey Eligibility Index when determining eligibility for state-supported grants. This often results in reducing or eliminating awards for many Co-op students.

The Committee suggests that cooperative education be explored as a potential source of financing for higher education, and recommends that the Department of Higher Education examine this area with the assistance of an external consultant with expertise in national Co-op initiatives. Statewide data on Co-op, and pertinent federal, state, and institutional regulations and practices should be reviewed. In addition, an analysis should be made of

the impact on the Department's budget for student assistance programs if state-supported grants are provided for part-time Co-op students, and if the NJEI calculation is modified to accommodate Co-op earnings. As a result of these activities, a New Jersey Cooperative Education Model will be developed by which the maximum number of students, including needy students eligible for traditional sources of financial aid, can successfully use the financial resources available through cooperative education at state higher education institutions.

**Recommendation #15. Encourage institutions to expand and improve job opportunities for students.**

Cultivating attractive work opportunities for students takes more time and effort than many institutions now provide under existing institutional arrangements. Yet, institutions may have expertise in these areas that is scattered in separate programs, each of which treats the student differently. For example, cooperative education looks at a student's marketable skills, demonstrated work attitudes, and presentability. Federal College Work-Study looks at a student's financial needs relative to other forms of financial assistance. A career guidance office typically will not see the student until graduation is near, by which time little can be done to enhance the student's career opportunities.

Higher education institutions could improve upon employment activities during the school year by organizing them under a centrally coordinated campus office that integrates the expertise of existing work-study, cooperative education and job placement programs. The Committee recommends that Student Employment Resource Centers be funded as pilot projects on several college campuses to coordinate existing programs that provide jobs or job counseling to students. For example, financial aid offices could tap the expertise cooperative education has in contacting employers. In turn, cooperative education could take advantage of federal job locator funds available to financial aid offices through the College Work-Study Program. The first year budget for the pilot projects should be approximately $0.5 million and should remain at that level in each succeeding year. Centers should, over time, be economically self-financing through charging user fees and tapping College Work-Study money.

**FOURTH PRIORITY: Increasing the efficiency of financial aid programs**

In an era of budget constraints, we must pay more attention to the efficiency of all state programs, including student aid. Moreover, in order to evaluate aid programs in a broader policy context, we must better understand how financial aid interacts with other policy instruments. The Student Assistance Committee makes five recommendations for improving the efficiency of New Jersey financial aid programs.

**Recommendation #16. Disseminate student aid information more broadly through a financial aid marketing plan targeted to minority students.**

Information about what types of aid are available, and on what conditions, can influence a young person to aspire to a college education, especially if this knowledge is acquired several years in advance of actual enrollment. Early information is particularly important for those students, typically poor and minority, who come from families in which neither parent has gone far in school and from neighborhoods where few peers are preparing for college.

One recommendation from the National Student Aid Coalition was that information on student assistance programs be disseminated more widely, more thoroughly, and earlier. (Gruss and Hauptman, 1984) The Student Assistance Committee agrees with this recommendation of the National Coalition and seconds it for adoption by the State of New Jersey. We call for the creation of a Financial Aid Marketing Plan to get the message across that minority students belong in college, that they can do well in college, and that they will receive financial assistance to go to college. This plan should be aimed at reaching and involving the parents as well as the students.

This plan would include several approaches to spreading the word, and would coordinate existing activities in Camden and Newark, as well as with the current "College in New Jersey" media campaign. First, the Department would conduct an intensive community-based financial aid campaign directed at minorities through local urban churches or through temporary counseling centers set up in heavily trafficked locations, such as indoor markets, shopping malls, and recreation facilities. In Camden and Newark, these centers would be run in cooperation with the cities' respective community advisory boards. The campaign would operate during the peak application months of April through June.

Second, in conjunction with local activities, the Department would develop an extensive statewide promotional campaign through the mass media. Third, the Department would create an education program to select, train, and guide members of the minority community for service as financial aid advisers. These representatives would carry on the objectives of the marketing plan year-round. They could also include college students looking for work through the State Summer Work-Study Program. The plan should be funded at $0.5 million per year.

**Recommendation #17. Simplify student financial aid application forms and procedures, and link institutions and the Office of Student Assistance into a common computer network.**

The growth of different financial aid programs has always represented a challenge to institutions, students, and parents who must comply with the various program regulations. Recent attempts to improve the proper functioning of federal programs have generated a plethora of new rules, forms, and procedures that greatly complicate the aid application process. In this year alone, the United States Department of Education issued 214 pages of instructions to campus aid officers on the new guidelines for verifying

application information and on stricter requirements for taking out a Guaranteed Student Loan. The number of forms that need to be processed nationwide increased from 1.8 million one year ago to 2.5 million in 1986. The Committee was often reminded of the critical importance of timeliness in aid delivery and of the adverse impact of the new rules on students.

These problems derive from regulatory changes made by the United States Department of Education and are beyond the direct control of the New Jersey Department of Higher Education. The Committee recommends that the Department of Higher Education send a letter of complaint to the United States Department of Education explaining that their new regulations greatly encumber students and parents applying for federal student assistance and unduly burden institutions processing applications.

We also urge the Department of Higher Education to take special precautions to avoid unnecessarily complicating the aid application process as new programs are implemented. The Committee recommends that the Office of Student Assistance develop a simplified Financial Aid Form (FAF-EZ), similar to the Internal Revenue Service EZ tax form, as one step in this direction.

To further help students and institutions through the diversity of financial aid programs, the Department of Higher Education should improve the articulation and coordination of application processing across institutions. The Committee recommends the creation of an integrated computer network tying in all colleges and universities with one another and with the Office of Student Assistance. Such a system would facilitate communication about common problems, hasten Department response to any problems, and ease the transfer and estimation of award monies for students who change institutions during their undergraduate years. Access to the system should also be extended to secondary schools in the state, so that parents and students can get reliable information about college costs and aid eligibility.

**Recommendation #18. Provide sufficient independent data processing capability and staff support to the Office of Student Assistance and college financial aid offices.**

The State of New Jersey is in the process of concentrating all data processing services within a single department, the Office of Telecommunications and Information Systems (OTIS). Although this centralization may offer benefits to many departments, it would hinder the efficient operation of student financial aid administration, delay the development of an integrated network with the colleges, and prevent the development of new lender services by the Office of Student Loans.

The many new programs recommended in this report will require additional staff support both at the Office of Student Assistance and in the campus financial aid offices. It would be poor planning to unload these programs onto existing personnel, who are currently busy coping with changing federal regulations and trying to meet their application processing and aid delivery schedules. Additional programs would not function well and could endanger the proper operation of existing financial aid programs without the additional staff resources to run them.

The Committee recommends that the Office of Student Assistance retain its independent data processing capability. The Committee further recommends that the expansion of existing programs and the creation of new ones be accompanied by provisions for adequate staffing.

**Recommendation #19. Reduce borrowing by lower division students through aid packaging.**

Default statistics show that lower division students are at the highest default risk. The rate of default on GSL loans for freshman and sophomore drop-outs is three-to-four-times higher than the default rates for students who finish four years of college. It is fairer and more efficient to dissuade freshmen and sophomores from assuming too heavy a burden of paying for college. Later, after the students have adjusted to college and proved themselves capable of meeting its challenges, they will be in a stronger position to carry a heavier loan and work burden.

The Student Assistance Committee recommends that institutions develop policies to package their financial aid so that grants concentrate on the lower division class years and loans on the upper division class years. Financial aid officers on campus should try to minimize the use of loans in financial aid packages for freshmen and sophomores, especially among low-income and disadvantaged students. As much as possible, they should substitute grants and work-study monies. Once students enter their junior and senior years, aid officers can rebalance the aid package toward greater use of loans and less of grants.

**Recommendation #20. Develop tools for evaluating the effects of student aid.**

If we are to understand the broader social and educational effectiveness of student aid programs, we must be able to relate the immediate effects of aid in terms of increased access and improved choice and retention to the long-term effects of higher education on student knowledge, skills, attitudes, and careers. The Student Assistance Committee endorses the Board of Higher Education resolution to develop a comprehensive program for evaluating the outcomes of higher education, the College Outcomes Evaluation Program (COEP). This program will assess what students are learning in collegiate programs of study, describe how effective colleges are in achieving their educational goals, and measure the contributions that colleges and universities make to their communities and to the wider society that supports them.

The Committee feels that outcomes assessment promises to be a useful instrument for evaluating undergraduate education. However, we must use this tool to do more than screen students for minimal progress standards and hold schools accountable for curriculum, admissions, and graduation practices, and for program review, professional accreditation, licensure and certification. (Education Commission of the States, 1986) The Committee recommends that the Department use these new measurement tools to evaluate the combined effect of student financial assistance programs, which help bring

students into college and keep them there, and students' educational experiences while in college. Integrated and comprehensive assessment will enable us to understand the interaction between access/retention and the performance of students of different interests and abilities learning in various institutional settings.

This recommendation will have no bearing on the current cost projections for developing and administering outcome measures of student and institutional performance.

## APPENDICES

Figure 1: Source of Funds for College Expenses: New Jersy Full-Time Undergraduates, 1981-82 Compared to 1985-86.

Figure 2: New Jersey Student Loan Program Volume: Net Dollars Guaranteed, Academic Years 1980-81 to 1986-87.

Figure 3: Distribution by Sectors 1986-87 of New Jersey State Student Grant Programs.

Figure 4: Average Tuition in New Jersey: Cumulative Percentage Change Since 1982-83 Compared to the Consumer Price Index and Per Capita Personal Income.

Figure 5: Average Total Tuition Charges Versus Net Tuition Paid by TAG Recipients, 1983-84 to 1986-87.

Resolution to Establish a Committee on Student Financial Aid, February 21, 1986

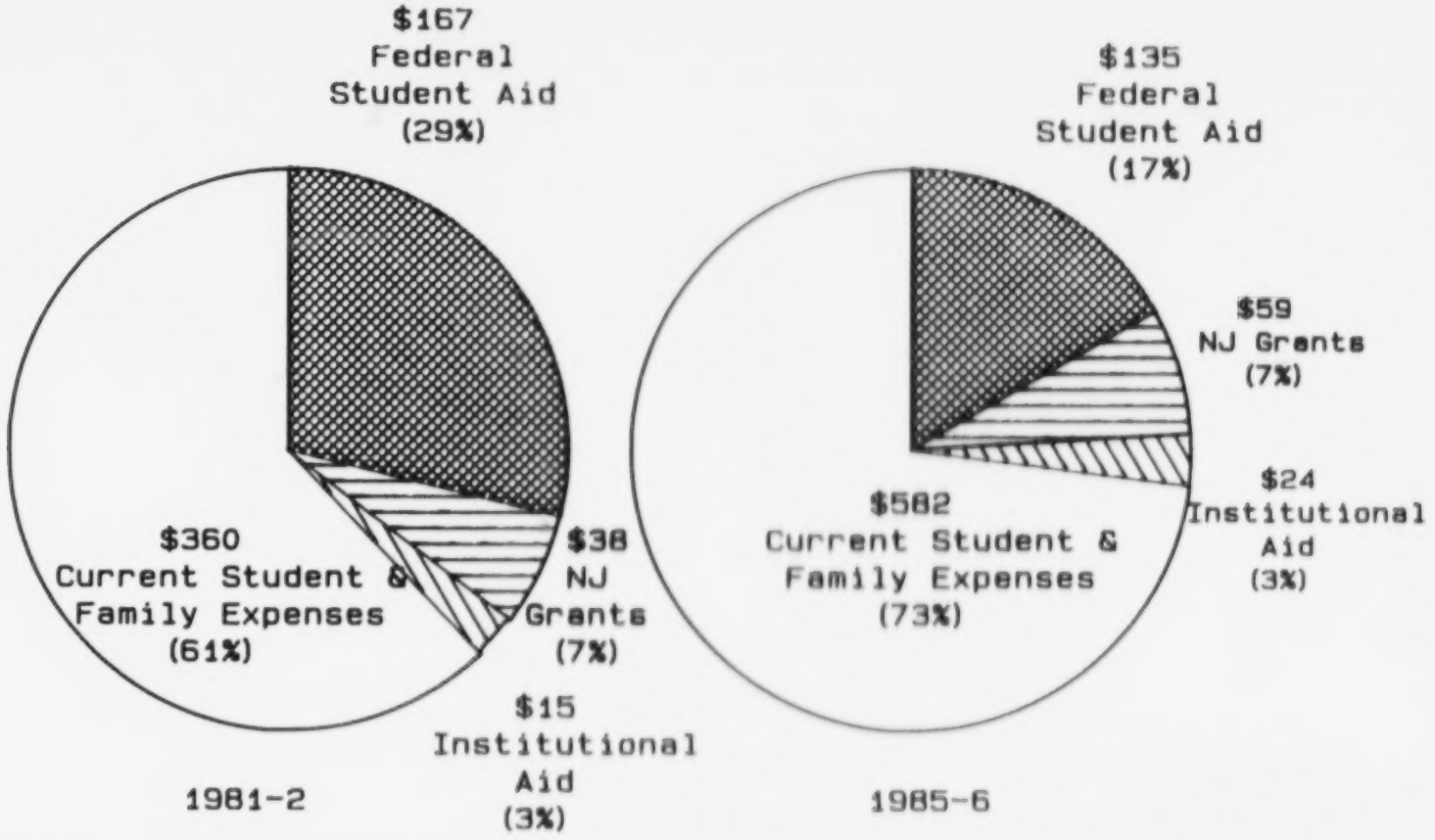
FIGURE 1

FTUSECP

2/6/87

# Source of Funds for College Expenses
## NJ Full Time Undergraduates

(Aggregate in Millions $)




| | | | |
|---|---|---|---|
| TOTAL COSTS | = $580 MILLION | TOTAL COSTS | = $800 MILLION |
| TOTAL AID | = $220 MILLION | TOTAL AID | = $218 MILLION |

DBA RESEARCH CO.

FIGURE 2

2/27/87

# NJ STUDENT LOAN PROGRAM VOLUME
## Net Dollars Guaranteed
## For Academic Years 1980-1 to 1986-7

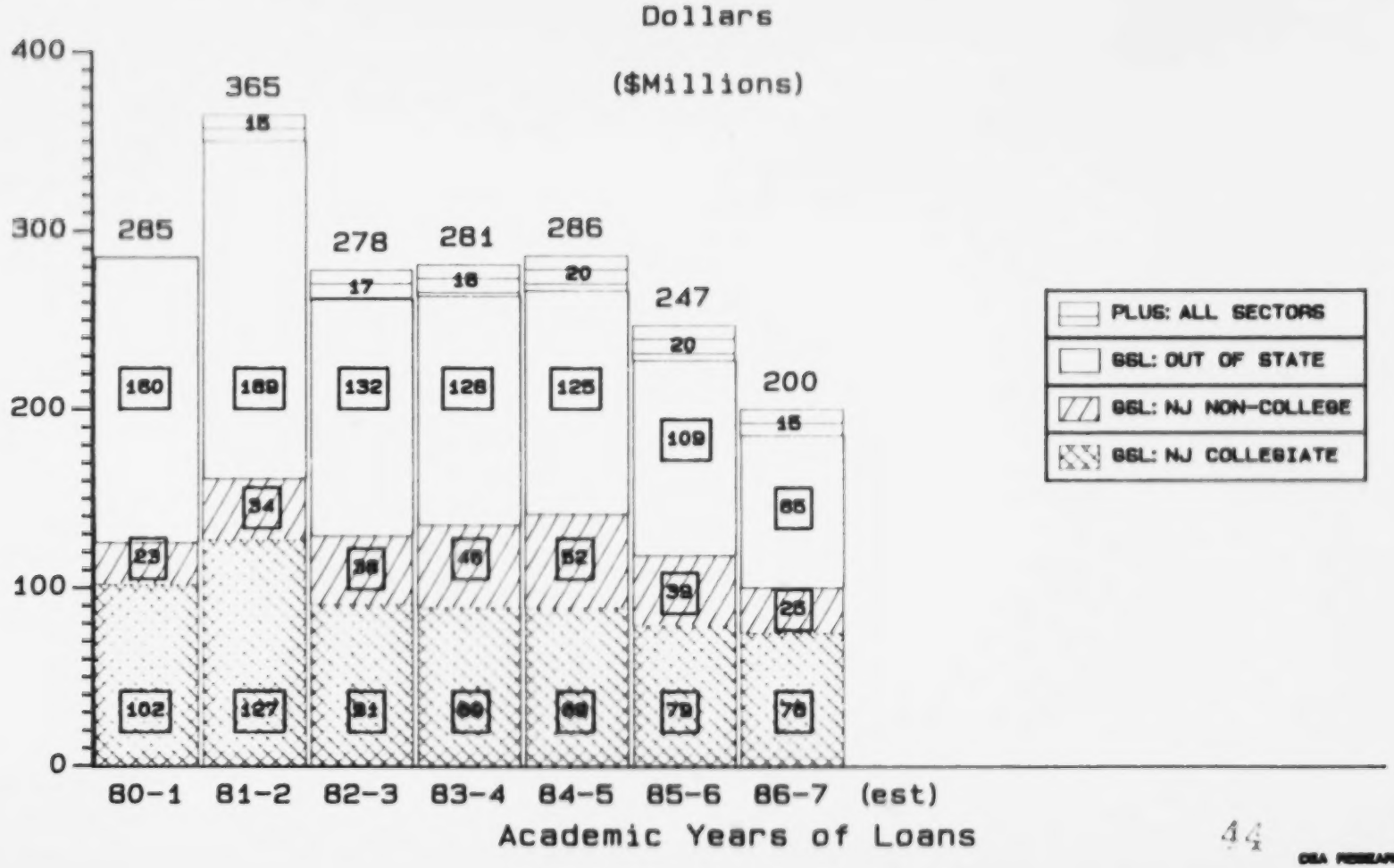









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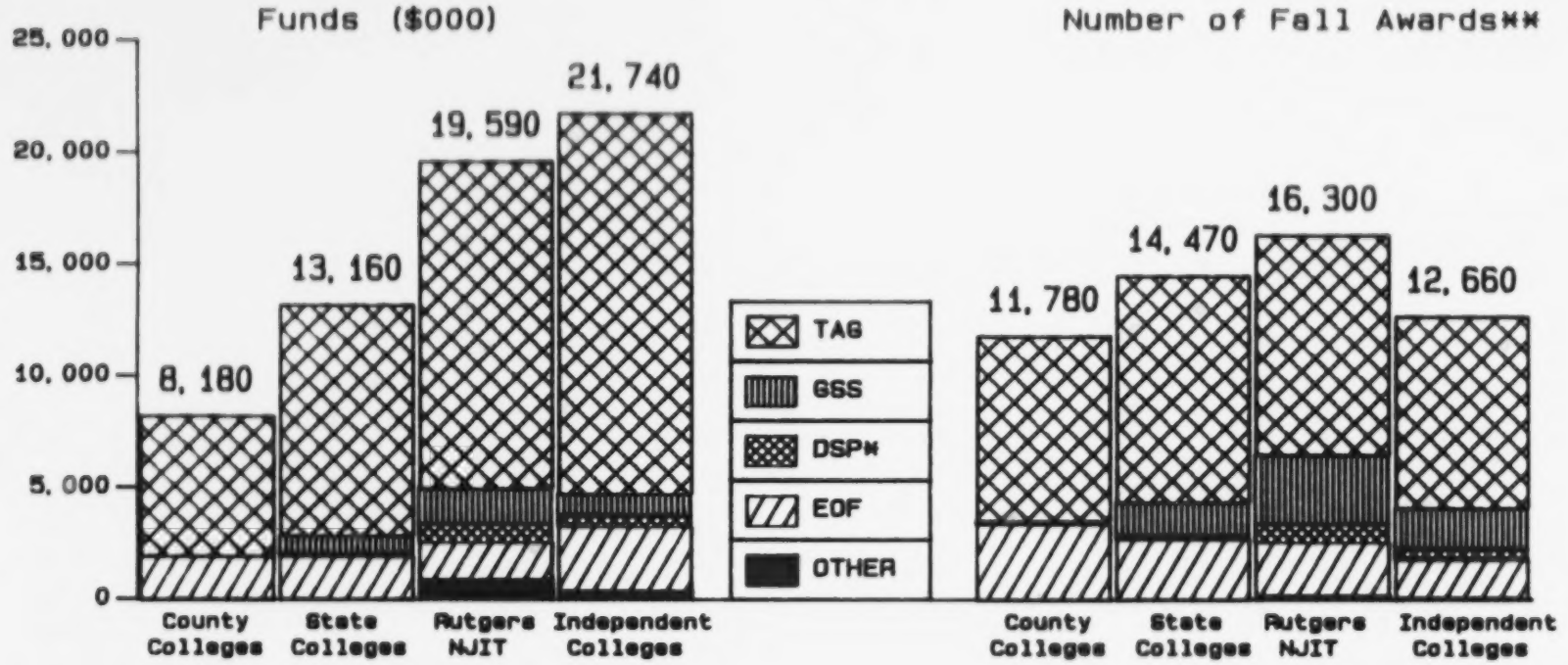
FIGURE 3

[redacted] 3/6/87

# DISTRIBUTION BY SECTORS 1986-7
# NEW JERSEY STATE STUDENT GRANT PROGRAMS



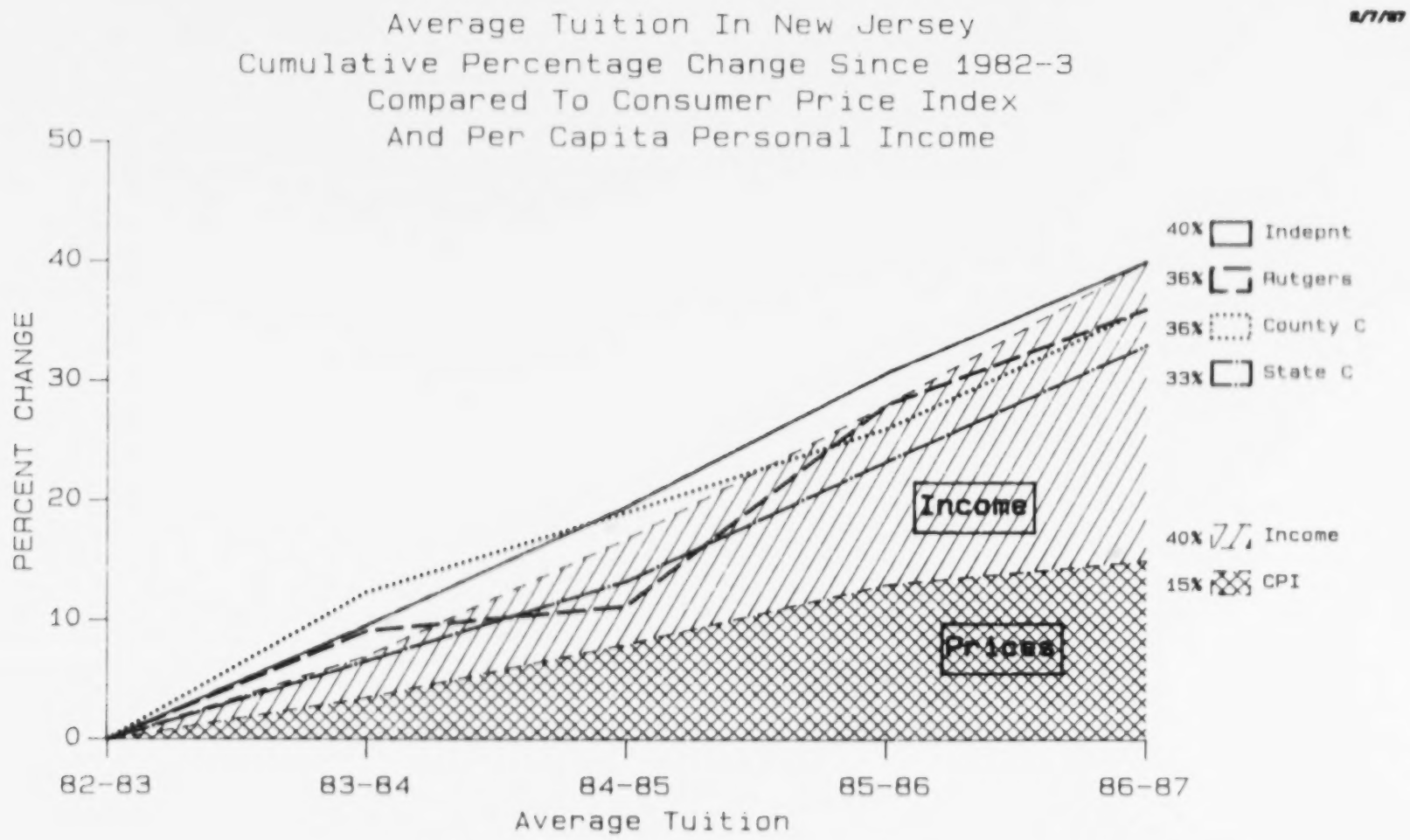

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| TAG | $6,200 | $10,300 | $14,600 | $17,000 | 8,250 | 10,100 | 9,800 | 8,550 |
| GSS | 50 | 780 | 1,600 | 940 | 100 | 1,500 | 3,100 | 1,800 |
| DSP* | 20 | 150 | 800 | 500 | 20 | 150 | 800 | 500 |
| EOF | 1,900 | 1,900 | 1,700 | 2,900 | 3,400 | 2,700 | 2,400 | 1,700 |
| OTHER | 10 | 30 | 890 | 400 | 10 | 20 | 200 | 110 |
| TOTAL | $8,180 | $13,160 | $19,590 | $21,740 | 11,780 | 14,470 | 16,300 | 12,660 |

*Distinguished Scholar Program not State funded

**Students may receive awards from more than one program

[redacted]

**FIGURE 4**




| | | | | | |
|---|---|---|---|---|---|
| INDEPNDT* | $4430 | $4850 | $5300 | $5800 | $6200 |
| RUTGERS | 1366 | 1490 | 1520 | 1748 | 1852 |
| COUNTY C. | 605 | 680 | 723 | 760 | 820 |
| STATE C. | 960 | 1024 | 1088 | 1184 | 1280 |

*Weighted by number of TAG students

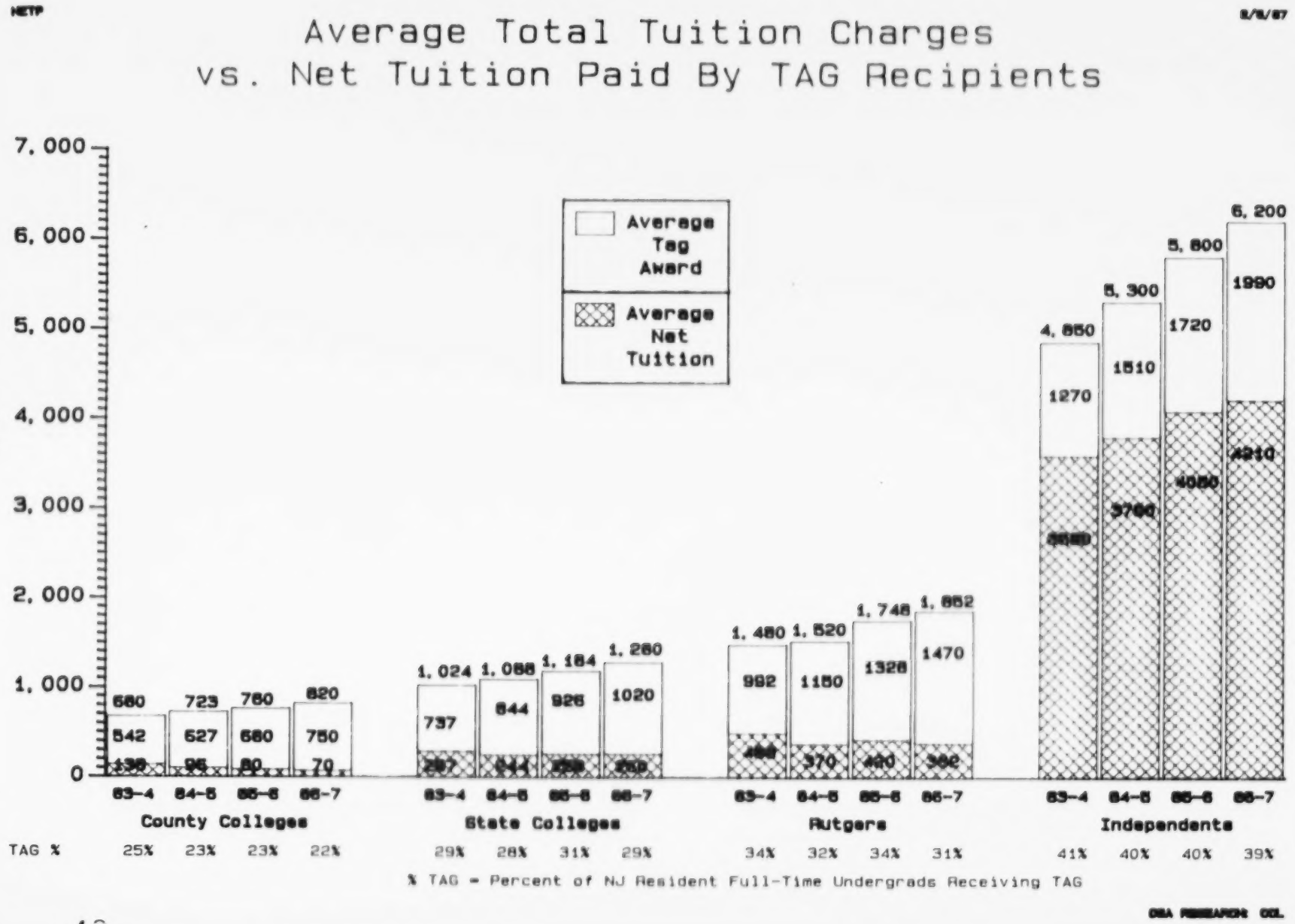






OSA RESEARCH CCL

FIGURE 5


NETP
Average Total Tuition Charges
vs. Net Tuition Paid By TAG Recipients
Average Tag Award
Average Net Tuition
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
680
542
138
723
627
96
780
680
80
820
750
70
1,024
737
287
1,088
844
244
1,184
926
258
1,280
1020
260
1,480
992
488
1,520
1150
370
1,748
1328
440
1,852
1470
382
4,850
1270
3580
5,300
1510
3790
5,800
1720
4080
6,200
1990
4210
63-4
64-5
65-6
66-7
County Colleges
State Colleges
Rutgers
Independents
TAG %
25%
23%
23%
22%
29%
28%
31%
29%
34%
32%
34%
31%
41%
40%
40%
39%
% TAG = Percent of NJ Resident Full-Time Undergrads Receiving TAG
OSA RESEARCH UNIT

STATE OF NEW JERSEY

STATE BOARD OF HIGHER EDUCATION

## RESOLUTION TO ESTABLISH A COMMITTEE ON STUDENT FINANCIAL AID

WHEREAS: The federal government, concerned with the federal deficit, is, in effect, transferring the responsibility for funding financial aid programs to the states and requiring students and their families to bear increasingly larger proportions of educational costs; and

WHEREAS: The existing student aid programs funded by the state of New Jersey are based on the assumption of a continuing strong federal commitment to broadly based aid programs, which is no longer the case; and

WHEREAS: The New Jersey Board of Higher Education recognizes the increasing public concern over the rising cost of higher education and the perception of diminishing educational opportunity among low income and minority families; now therefore be it

RESOLVED: The New Jersey Board of Higher Education establishes a Committee on Student Aid consisting of the members of the BHE Budget Committee and one representative from each of the New Jersey Higher Education Assistance Authority, the Student Assistance Board and the Educational Opportunity Fund Board of Directors to examine the adequacy of existing financial aid programs in meeting the future needs of New Jersey students and to recommend appropriate initiatives for the state of New Jersey to take in student financial aid programs; and be it further

RESOLVED: That this committee rapidly initiate a feasibility study to determine the details and market interest in a guaranteed tuition plan for New Jersey residents, in addition to undertaking any other needed studies.

February 21, 1986

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